



Choice Training 6-2: Financial Accounting Systems

1. Untitled Scene

1.1 Training 6-2:



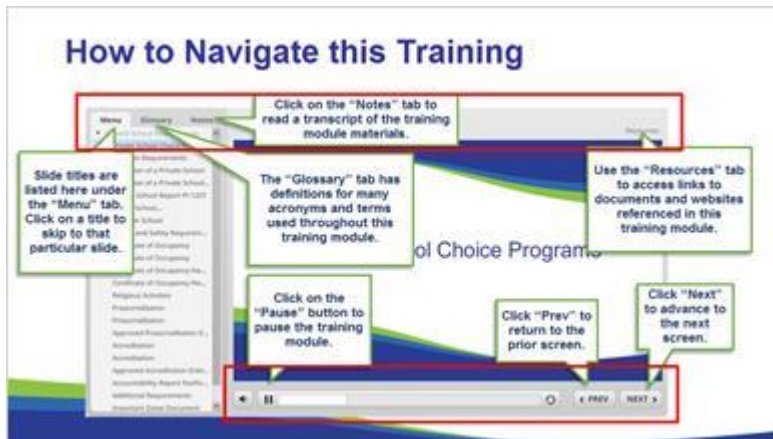
Notes:

Welcome to the Wisconsin Department of Public Instruction's training module on the Private School Choice Programs. We will refer to the Private School Choice Programs as "Choice" or "Choice program" throughout this training. The Choice program is governed by Wis. Stat. §§ 119.23 and 118.60, as well as Wis. Admin. Codes ch. PI 35 and 48. Provisions of this training module are subject to statutory and rule changes.

In the next section of the Fiscal and Internal Control practices requirements we will go through the financial accounting systems.



6-2.2 How to Navigate this Training Module



Notes:

Before we start, here are some tips and tools you may wish to use when viewing this training.

When listening to this training please note the buttons at the top of the training screen. Titles to all of the slides in this training are listed under the “Menu” tab on the top left of the training screen. You may watch the training in its entirety, or you may skip to a specific slide by clicking on the title of a particular slide.

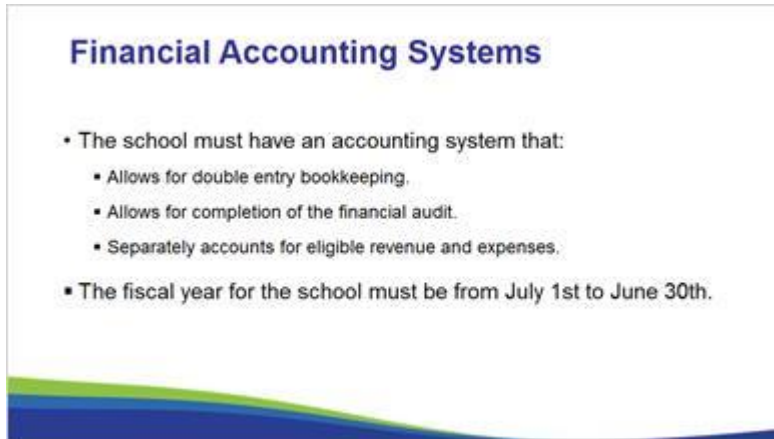
Acronyms and terms that are used throughout this training are defined under the “Glossary” tab on the upper left side of the training screen. If you have any questions about a particular acronym or term that is used in this training, click on the “Glossary” tab to read the definition of that acronym or term.

The “Notes” tab has a transcript of the training materials as they are presented. If you wish to read along with the training, please click the “Notes” tab on the upper left side of the training screen.

We have also posted resources related to this training which can be found under the “Resources” link on the upper right hand side of the training screen.

Next please note the buttons at the bottom of the training screen. If you want to pause on or during a specific slide, please hit the “Pause” button. Clicking the “Prev” button will allow you to return to the previous slide and clicking the “Next” button will allow you to advance to the next slide, if you wish to advance sooner than the auto-timing.

6-2.3 Financial Accounting Systems



Notes:

The school must have an accounting system that uses double entry accounting, supports completion of the financial audit, and separately accounts for eligible revenue and expenses. The department has a Financial Audit and Eligible Education Expense Bulletin available online that explains the balances that are required in the financial audit of the school. See the Resources tab in the top right corner for a link to the bulletin webpage.

The fiscal year for the school must be the school year, which is from July 1st to June 30th.

6-2.4 Financial Accounting Systems

Financial Accounting Systems

The school must have a trial balance that includes an account for the following revenues, if they receive funding from that source. The required revenue accounts are:

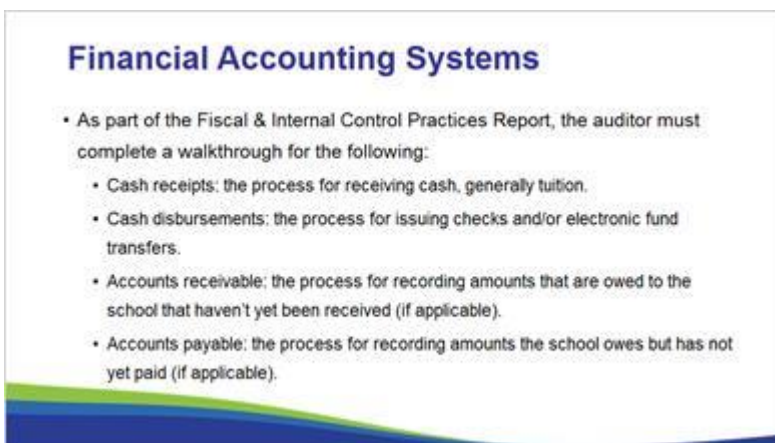
- Revenue from the Choice program.
- Revenue from the parent or other private paid tuition.
- Revenue from the Public School District for instruction provided by the school for the pupils.
- Revenue from the Public School District for transportation provided to pupils enrolled in the school.
- Revenue from federal, state, and local governments for instructional programs, food service and facility acquisition.

Notes:

The school must have a trial balance that includes accounts for certain types of revenues if the school receives revenues from that source. The required revenue accounts are revenue from the Choice program, revenue from the parent or other private paid tuition, revenue from the public school district for instruction provided by the school and for transportation provided for pupils at the school, and revenue from federal, state, and local governments. The most common example of revenue from the public school district for instruction is private schools which have a four year old kindergarten program for the public school district. In this situation, the school would be required to have a separate account for the revenue.

Previously, Choice schools were required to have an account set up for each of these revenues, even if they did not receive revenue from a particular source. The new rules only requires these accounts if the school receives funding from that source.

6-2.5 Financial Accounting Systems



Financial Accounting Systems

- As part of the Fiscal & Internal Control Practices Report, the auditor must complete a walkthrough for the following:
 - Cash receipts: the process for receiving cash, generally tuition.
 - Cash disbursements: the process for issuing checks and/or electronic fund transfers.
 - Accounts receivable: the process for recording amounts that are owed to the school that haven't yet been received (if applicable).
 - Accounts payable: the process for recording amounts the school owes but has not yet paid (if applicable).

Notes:

As part of the Fiscal & Internal Control Practices Report, the auditor must complete a walkthrough of common transactions at the school. This means that the auditor will select a transaction for each of the processes on this screen and go through the steps the school completes for that process.

The first two processes are cash receipts and cash disbursements. The school must walk the auditor through the school's process for receiving cash at the school. This would include the actual receipt of cash as well as checks or electronic transactions. The most common example of a cash receipt at a school is tuition. The school must also walk the auditor through the school's process for issuing checks and/or electronic fund transfers. As we will discuss later on, the school must have an electronic fund transfer policy that indicates who is authorized to approve electronic fund transfers.

The second two processes are only required as part of the Fiscal & Internal Control Practices Report if the school uses the accrual basis of accounting during the school year. Accrual basis of accounting means that transactions are recorded in the financial statements when the revenue is earned and when the expenses are incurred, not necessary when the cash is received or paid. Wisconsin Administrative rule requires that all schools use the accrual basis of accounting when completing the budget and the annual audited financial statements for the department. However, schools can choose to use the cash basis during the school year and then record any adjustments at the end of the year

to get to the accrual basis of accounting.

The auditor must walk through the accounts receivable and accounts payable process the school is using. When completing the walkthrough for the accounts receivable process, the school must show the auditor how the school records amounts that are owed to the school that haven't yet been received. Finally, the school must show the auditor an example of the school's process for recording amounts the school owes but has not yet paid.



Notes:

If you have any questions about the information discussed in this training, please see the Private School Choice Programs homepage. The left menu bar of the Private School Choice Programs homepage has resources for both schools and parents.

Choice schools may also contact the Choice team at privateschoolchoice@dpi.wi.gov, or call the toll-free number at 1-888-245-2732, extension 3.